

January 17, 1950

GENERAL SERVICES ADMINISTRATION  
Washington

MEMORANDUM TO HEADS OF DEPARTMENTS  
AND INDEPENDENT ESTABLISHMENTS

Relationship Between GAO and GSA under Federal Property and  
Administrative Services Act of 1949

Attached is a copy of the "Memorandum of Working Relationships between General Accounting Office and General Services Administration", executed by the Comptroller General and the Administrator of General Services on January 17, 1950. This memorandum sets forth the manner in which the General Accounting Office and the General Services Administration will discharge their respective interrelated responsibilities under the Federal Property and Administrative Services Act of 1949.

Additional copies of the attached memorandum may be obtained by calling Executive 4900 (code line 1227) extension 4360.

(S) JESS LARSON

JESS LARSON  
Administrator

MEMORANDUM REGARDING WORKING RELATIONSHIPS  
BETWEEN GENERAL ACCOUNTING OFFICE AND  
GENERAL SERVICES ADMINISTRATION

This memorandum outlines the general approach to be made in respect to the exercise of the responsibilities of the General Services Administration and the General Accounting Office under the Federal Property and Administrative Services Act of 1949 (Public Law 152, 81st Congress). It is based on preliminary discussions between representatives of the Administrator, General Services Administration, and of the Comptroller General, and is not designed to abrogate or change their legal responsibilities under Public Law 152, 81st Congress, but to provide an initial foundation for the more effective and harmonious discharge of the respective functions of the two agencies under that Law in terms of their interrelationships.

General Principles

The working relationships between the two agencies will be based on the following general principles:

1. The property accounting responsibilities of the General Accounting Office will be discharged as a part of the broad joint accounting improvement program which is underway. The basic approach of this program to the over-all accounting problems of the Government will be applied to the property accounting phases by providing ample flexibility for the executive agencies to develop and mold systems to fit their individual needs, by prescribing accounting requirements with respect to both property and other phases of the accounting program principally in terms of principles and standards, and by assisting and guiding the agencies in the development of the systems in conformity with such principles and standards. The General Accounting Office will afford maximum consideration to the primary management and operational interests in connection with the over-all accounting work being done with the agencies. Consideration also will be given to providing such financial data as is needed for central accounting and reporting in the Government.

2. Full recognition will be given to the performance budget and other budgetary, management, accounting and financial reporting objectives and policies of the Joint Accounting Program of the General Accounting Office, the Bureau of the Budget and the Treasury Department and of the joint property study report entitled "A Federal Inventory Control System." In accordance with the intent, understanding and terms of the

Joint Accounting Program, the Treasury Department and the Bureau of the Budget will participate with the General Accounting Office and the General Services Administration to the extent of their responsibilities and interests in the various areas encompassed in this memorandum.

3. The General Services Administration will participate and cooperate with the General Accounting Office, from the standpoint of its property management and operational interests, in the development of property accounting principles and standards, in the development of property accounting phases of the over-all agency accounting systems, and in the making of surveys of the accounting requirements of such agencies, including property accounting needs.

4. The General Services Administration recognizes that policy decisions relating to property management and operational phases normally have accounting and auditing implications and, in arriving at such policy determination, will give full consideration to these implications and accounting and audit requirements under Public Law 152 as well as previously existing laws.

It will be the joint policy of the General Services Administration and the General Accounting Office to have their representatives keep each other fully advised with regard to all action taken, or to be taken, within the respective jurisdictions under Public Law 152 not only in those areas in which cooperative development is prescribed by the Act, but in all cases where the matter affects or may affect management and operational interests on the one hand, or accounting and audit responsibilities on the other.

#### Accounting Responsibilities

Under the broad program to improve Governmental accounting, the individual executive agencies are primarily responsible for the development and maintenance of over-all agency accounting systems to fit their needs, and this primary responsibility includes the development and integration of property accounting phases with such over-all agency accounting systems, consistent with the principles, standards and basic requirements which are evolved under the joint accounting improvement program.

The General Accounting Office will assist and cooperate with the individual executive agencies in the development of property accounting as an integral part of their over-all accounting systems, under the general accounting improvement program, and in accordance with Public Law 152 and its primary responsibility for accounting matters generally under previously existing laws.

The General Services Administration will participate, in co-operation with the General Accounting Office, in the development of individual agency accounting systems with reference to the property accounting phases of such systems, as a basic requisite to the effective discharge of the over-all property management responsibilities of the Administration.

The responsibility of executive agencies to develop and maintain property accounting as an integral part of their over-all accounting systems includes the requirement that appropriate accounting control be exercised over all property transactions and inventories. Underlying property records constitute subsidiary and supporting accounting records and the adequacy and integrity of the over-all accounting systems is largely dependent upon the accuracy and efficiency with which such underlying records are maintained and their integration with the general accounting system. Maximum consideration will be given to the over-all property management responsibilities and the primary purpose of underlying property records as an efficient and economical management tool in integrating these records with the general accounting systems. Management policies in respect to all property transactions such as receipt, issue, use, transfer and disposal require an effective control of property and, therefore, accounting and management policies must be developed hand in hand.

Property accounting systems will be submitted to the Comptroller General for approval upon completion of development or at various appropriate developmental stages, and recommendations of the Administrator, General Services Administration, will be ascertained by the Comptroller General prior to approval.

#### Systems Examinations, Internal Control and Audits

Reports upon examinations by the General Accounting Office of accounting systems as they relate to property will be furnished the General Services Administration and necessary corrective action will be coordinated as in the case of the development of such systems. Systems examinations will be made to the fullest extent practicable as part of the audits of property accounts and transactions by the General Accounting Office. The scope and extent of property audits will be correlated with the degree of internal controls exercised and the adequacy and effectiveness of internal audits performed by the respective agencies, and copies of any audit reports will be furnished the General Services Administration. Where property audits are made as a part of comprehensive audits of executive agencies, property audit data relevant to the responsibilities imposed on the General Services Administration under the Act will be furnished the General Services Administration.

The establishment and maintenance of internal controls and performance of internal property audits in General Services Administration which will be satisfactory from an accounting standpoint, as well as from the operational standpoint, will be stressed, and the General Accounting Office will furnish all possible assistance in the development of such internal controls and audits.

#### Forms Relating to Property

Forms relating to property procurement, utilization and disposal, insofar as concerns the mutual interests of the General Services Administration and the General Accounting Office under Public Law 152, fall into the following general categories:

- a. Forms designed solely for operational purposes and serving no accounting purpose, or being so remotely related thereto as to have no accounting significance.
- b. Forms serving a primary operational purpose which likewise serve or can be made to serve essential accounting purposes.
- c. Forms designed solely for essential accounting purposes and serving no operational purpose, or being so remotely related thereto as to have no operational significance.

Forms falling within the first and last categories set out above will be standardized to the extent found desirable and when so standardized will be prescribed by the Administrator and the Comptroller General, respectively. However, in order to assure complete coordination, representatives of the General Services Administration or the General Accounting Office, as the case may be, will be kept currently advised of all developments and furnished copies of all such forms when prescribed. Representatives of the two agencies will cooperate with the executive agencies in the development of forms which serve, or can be made to serve, both operational and accounting purposes. Such forms will be standardized to the extent found desirable, and where so standardized will be prescribed with the joint approval of the Administrator and the Comptroller General.

#### Exchange of Regulations and Directives

As a specific means of keeping the General Accounting Office informed of developments under the Act, copies of all Presidential Orders, General Services Administration regulations and directives, and changes in existing procedures, regulations and orders relating to any of the agencies, bureaus or functions which have been or are later transferred to or vested in the General Services Administration will be furnished the General Accounting Office. Likewise, and in

accordance with existing procedures, the General Accounting Office will furnish the General Services Administration with copies of all General Regulations, Accounting Systems Memoranda, and other procedural releases affecting their operations which will assist the General Services Administration in the effective discharge of its duties.

Revisions

Periodically, the provisions of this memorandum will be reviewed by the General Services Administration and the General Accounting Office and modified, if necessary, in order to improve working relationships in the light of experience and thus further the objectives of Public Law 152 and achievements thereunder.

(S) LINDSAY WARREN

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Comptroller General  
of the United States

(S) JESS LARSON

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Administrator  
General Services Administration

January 17, 1950

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(Date)